

Message Text

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FOLLOWING TEL MADRAS 0195 DTD 03 FEB 76 RCVD NEW DELHI
BEING REPEATED FOR YOUR INFO. QUOTE

LIMITED OFFICIAL USE MADRAS 0195

E.O. 11652: N/A

TAGS: BEXP, IN

SUBJECT: PRODUCT OPPORTUNITY-EQUIPMENT FOR KUDREMUKH PROJECT

REF: STATE 009511

1. WHILE IN BANGALORE TO DO PRELIMINARY WORK FOR CATALOG SHOW, FSL SUBRAMANIAN CALLED ON THE METALLURGICAL ENGINEERING CONSULTANTS INDIA LIMITED (MECON) TOVGET INFORMATION REQUESTED IN REFTEL. FOLLOWING IS SUMMARY OF CONVERSATION HE HAD WITH MECON PROJECT ENGINEER P.B. SAHA AND SALES OFFICER R.D. RATHAK.

2. A SEPARATE PUBLIC SECTOR COMPANY FOR THE KUDREMUKH IRON ORE PROJECT WILL BE ESTABLISHED SOON WITH HEADQUARTERS IN BANGALORE AND A BRANCE OFFICE IN MANGALORE. M.B. SILGARD, JOINT MANAGING DIRECTOR OF MECON, BANGALORE, IS LIKELY TO BE THE CHIEF EXECUTIVE OF THE NEW COMPANY. R.D. RATHAK AND P.B. SAHA ARE LIKELY TO BE APPOINTED AS SALES OFFICER AND PROJECT ENGINEER RESPECTIVELY. THE THREE OFFICIALS NAMED ABOVE WILL BE RESPONSIBLE FOR PLANNING AND EXECUTION OF THE IRON ORE PROJECT. SUCH OTHER MECON TECHNICAL STAFF WHO WERE INVOLVED IN THE KUDREMUKH PROJECT ARE ALSO LIKELY TO BE TRANSFERRED TO THE NEW COMPANY.

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3. PATHAK SAID THE QUESTION OF PROCUREMENT OF MACHINERY IS A POLICY DECISION TO BE TAKEN AFTER FORMATION OF NEW COMPANY. HOWEVER, PRESENT INDICATIONS ARE THAT THE IRANIAN CREDIT WILL NOT REPEAT NOT BE RESTRICTED TO ANY SPECIFIC SOURCES OF SUPPLY. EMPHASIS WILL BE GIVEN TO PRICE, PERFORMANCE AND DELIVERY SCHEDULE OF REQUIRED MACHINERY. HE SAID "U.S. FIRMS STAND A GOOD CHANCE OF SELLING THEIR EQUIPMENT TO THE PROJECT".

4. SAHA SAID THERE IS NO NEED FOR PERSONAL VISITS BY U.S. BUSINESS EXECUTIVES RIGHT NOW. BUT HE WOULD LIKE TO RECEIVE, AS SOON AS POSSIBLE, CATALOGS FROM AMERICAN MANUFACTURERS OF MINING AND EARTHMOVINGMACHINERY, THEIR CAPABILITIES, NAMES OF FOREIGN COMPANIES AND COUNTRIES WHERE SUCH EQUIPMENT IS UNDER OPERATION, NATURE OF SOIL AND SIZE POLULATION WHERE THE MACHINERY IS USED, BANK AND TRADE REFERENCES AND TERMSOF DELIVERY SCHEDULE. MECON ALREADY HAS SOME CATALOGS OF U.S. MANUFACTURERS BUT THEY WELCOME MORE. SAHA SAID THE JAPANESE COMPANIES ARE A STEP AHEAD IN THIS REGARD AND ARE FLOODING MECONS'S ENGINEERING DEVISION WITH TECHNICAL LITERATURE AND REGULARLY KEEP SUCH INFORMATION UP-TO-DATE. INTERESTED U.S. FIRMS SHOULD SEND THEIR CATALOGS TO M.B. SILGARDO, JOINT MANAGING DIRECTOR, METALLURGICAL AND ENGINEERING CONSULTANTS (INDIA) LIMITED, 14/3 NRUPATHANGA ROAD, BANGALORE 560002.

5. MECON OFFICIALS ARE SILENT OVER QUESTION OF HOW THE IRON ORE WILL BE TRANSPORTED FROM THE MINING AREA TO MANGALORE HARBOR FROM WHERE IT WILL BE SHIPPED TO IRAN. WHEN ASKED IF MARCONA CORPORATION IS STILL IN THE PICTURE, SARA SAID "MARCONA'S OFFER IS CONSIDERED WITH OFFERS FROM OTHER INTERNATIONAL COMPANIES."

6. SAHA DID NOT COMMENT TO THE QUESTION WHETHER OR NOT THE BASIC ENGINEERING WORK IS COMPLETE. BUT HE SAID AS OF NOW NO FOREIGN COLLABORATION IS CONSIDERED FOR DESIGN WORK.

7. THE OFFICIALS AGREED THAT THERE IS SOME DELAY IN RECEIPT OF THE FIRST INSTALMENT OF \$100 MILLION OUT OF THE AGREED \$630 MILLION CREDIT FROM IRAN. HOWEVER, THEY ASSERT THIS WOULD NOT SERIOUSLY AFFECT THE PRELIMINARY WORK NOW CONDUCTED AT THE MINING SITE.

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8. INFORMATION CONTAINED IN THIS TELEGRAM CAN BE FULLY PASSED TO INTERESTED AMERICAN FIRMS, BUT BOTH PATHAK AND SAHA INSISTED THAT WE REFRAIN FROM USING THEIR NAMES IN QUOTING SOURCE OF INFORMATION.

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